

# Social Capital Based Social Protection through Philanthropic Organization<sup>10</sup>

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## Abstract

*Social protection is a preventive, remedial and supporting mechanism against social risks, losses, un-employment, crimes, diseases, death etc. Social Protection may be provided through different strategies, policies and activities for reduction of un-employment, disease, and risk to health, disability, crimes and social threats. This paper discuss the existing gaps in social protection to individuals, groups and their dependents. It mainly focuses on three types of social protection gaps Shah (2013). These social protection gaps are filled through different organizations such as; Government, international, non-governmental, religious, social and philanthropic. The paper identifies the role and contribution of the philanthropic organizations in social protection of individuals, groups, community etc. The philanthropic organizations directly or indirectly contribute to social protection in different parts of the country. This paper gives analysis by incorporating role and contribution of philanthropic organizations. The role of philanthropic organizations in social protection through partnership with state may be more efficient and sustainable in society.*

**Keywords:** Social Capital, Social protection, Philanthropy, Government

**JEL Codes:** N30, N31, N35

## 1. Introduction

Social protection is a preventive, remedial and supporting mechanism against social risks, losses, un-employment, diseases, death etc. Social Protection may be provided through different strategies, policies and activities for reduction of un-employment, disease, risk to health, disability and social threats. It has been pointed out that social and philanthropic organizations such as; International, Governments, national, philanthropic, Non-Governmental Organizations provides social protection in Pakistan. (Shah 2013)

Social protection is one of important area of research for policy makers, social workers and states. A number of research works are available with respect

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<sup>10</sup> The paper heavily draws from the book on the philanthropy by Asghar Tashfeen and Syed Nisar Hussain Hamadani.

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to social protection providing agencies mainly the government organizations or the agents of the governments in different part of the countries. The social protection in a more integrated way specially with respect to philanthropic organizations are discussed rarely. This paper gives analysis by incorporating role and contribution of philanthropic organizations.

Main objectives of the study are to review existing mechanism of social protection through literature, role of agencies providing protection and the role of philanthropic organizations.

The organization of the paper is in the way that section one reviews the literature, section two discuss philanthropic organizations, section three highlights existing gaps in social protection, role of agencies providing social protection is available in section four and section five concludes and recommendation follow.

## **2. Literature Review**

Social protection is a wide area of research, policy and applications. Its study is in a variety of dimension including it types, quantum of social protection, individuals needy of protection, agencies providing social protection, social organizations role in the process, methods of social protection. Discussion on all these dimension would be beyond the scope of the study, however only role of agencies providing social protection and philanthropic organization would be discussed.

Social protection may be provided in the form of State's legal and institutional infrastructure or social infrastructure. The social protection is related to state's role, organization, institution, community etc. The social capital of individual exists and may accumulate over time with organizations, institutions, community and state, Shah (2011). The social capital will increase impact of investments made by government through its institutions. Returns to investment will be enhanced through social capital of individual with group, community and organizations which would increase their reciprocal relationships shah, Ahmad and (2011). This will contribute to increased social protection through higher level of cooperation, less cost and sustainably.

### **Social Protection during life-cycle:**

Social protection is required from cradle to grave; Shah (2013) states that human beings at different stages of life Childhood, boyhood, adulthood, pre-retirement age, post-retirement age different type of social protection may be required. He pointed that a worker and his dependents need protection against malnutrition, discrimination, unemployment, injustice and access to food, shelter, medication, education, protection against disasters and security in old age.

Social Protection is needed for all segments of the Society, male and female, young, adult, old age, physically and mentally weak persons residing in different parts of the country, opined by shah (2013). The Social Protection

provides hedging against expected risk to life, health, earnings, un-expected social needs to changing circumstances, man-made calamity; crimes, law and order, natural calamity and economic business cycle etc. Areas of Pakistan having high risk factors and risk persistence require more Social Protection and high quantum for inhabitants. The most of the organizations such as; Government , social capital based, religious and donors are making multiple efforts to extend Social Protection to residents of the country through their different outlets and partner organizations.

### 3. Concept and Types of Philanthropy

It is a divine truth that caring of a man for nothing is a prevalent value in the socialization of human being throughout the history Tashfeen (2008). “Philanthropy is the love of mankind that results in practical acts in other words philanthropy is something that does philanthropic things like social services agency, foundation, a donor to worthy causes or voluntary worker for humanity”. The concept of social man seems to exist even in earliest writings in economic literature. [Adam Smith (1776)], has pioneering status, he says “Man is a social animal” and has to maintain relationship with others living in society. However according to [Smith (1776)] it is the self-interest of man that he safeguards at each decision he makes. He further says that “every man is the best judge of his own interest”. His theorem gave rise the concept of an “economic man”. Communal care of the unfortunate was motivated by a sense of divine command, communal pride and a deeply felt need to maintain social order. Chaos crouched at the door, [Barry A. Kosmin (1991)]. Philanthropy means as “goodwill to fellowmen, especially active effort to promote human welfare”. Although often thought of in the same context of charity (i.e. financial or other assistance to the poor), philanthropy is broader and includes the promotion of religion, education, health, safety, environment, as well as contribution to artistic and cultural activities that need not directly or indirectly affect the poor [Barry R. Chiswick, (1991)]. “Caring the other fellows in the society particularly the needy people is a value prevalent among every human being from the very beginning of life on earth” [Hamdani (2004)]. World History tells about the existence of such people round about all the time, belonging to different religions, environment, localities, professions, excels in service of others. Philanthropy is “goodwill to fellowmen, especially active effort to promote human welfare”. In literature philanthropy is used in different forms as below:

Generally there are many types of philanthropy but most of them are as below:

- **Private Philanthropy** is an “altruistic concern made by individuals, private institutions (Corporations and foundations etc.) for human welfare and advancement, usually manifested by donations of money, property or work to needy persons, by endowments of institutions of

learning and hospital, and by generosity to other socially useful purposes<sup>12</sup>”.

- **Public Philanthropy** is total expenditure made by Government on the projects of social welfare for the people of the country.
- **Individual Philanthropy** is “made by the people of the country individually for the needy persons, poor and for other welfare projects.
- **Corporate Philanthropy** is “the act of corporations donating some of their profits, or their resources, to nonprofit organizations, handled by the corporation, directly, or it may be done through a company foundation .Corporations most commonly donate cash, but they also donate the use of their facilities, property, services, or advertising support. They may also set up employee volunteer groups that then donate their time. Corporations give to all kinds of nonprofit groups, from education and the arts to human services and the environment”.
- **Strategic philanthropy** “means effective giving which is designed around focused research, creative planning, proven strategies, careful strategies and thorough follow-up in order to achieve the intended results”. Kris Putnam<sup>13</sup>.

Another Definition: “the practice of companies by which they target their respective charitable and philanthropic activities around a specific issue or cause that will in turn support their own business objectives. In other words, companies look to use philanthropy as a means to simultaneously and directly benefit their business interests and those of a beneficiary organization”.

- **Indigenous philanthropy** is “performed by anybody within a specific geographical or cultural area. Their work is for the benefit of those local people within that specific community. Their love for humankind is expressed by addressing the immediate social needs and future development of all living beings and the environment”, [Ann Bown (2004)] “Indigenous philanthropists share their knowledge, culture, and faith, and believe that by sharing, the tradition will live through to the next generation”.
- **Local Philanthropy** is “made by the people of the locality for the welfare and social uplift of that area.
- **Global Philanthropy** is “made by the people, institutions, foundations of the world for the social welfare, peace, social uplift of the world, any particular area etc. Pakistani Diaspora in the USA. There are many types of philanthropic organization but mainly are mentioned as below as below:

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<sup>12</sup> Defined in “Social Welfare and Public Philanthropy” by Dickinson (1970) NBER Paper.....

<sup>13</sup>. Putnam Community Investment consulting Oakland. [www.putnamcic.com](http://www.putnamcic.com)

## 4. Philanthropic Organizations

Philanthropic organizations are contributing towards social protection directly and indirectly. These organizations have developed their direct linkages and networks with the individuals and groups, communities, government organizations, states etc. Mostly organizations based, on activity areas. There are about 45000 organizations in Pakistan according to (International Classification Nonprofit Organization) ICNPO classifications either registered or non-registered Societies, Social Welfare agencies, Trusts, Nonprofit Companies, Waqf, Citizens Community Boards and Pakistani Diaspora in US. The philanthropic agencies/organizations cover a broad range missions such can be found in the different shapes and subgroups some as: social services for human, health care hospitals, education, religious madrasas some are; Edhi Foundation, EHSAS (Education, Health, and Social Achievement Services), Shaukat Khanam Cancer Hospital, Fatimid Foundation, BEHBUD Association, Al-Khidmat Foundation Pakistan etc. There are also many such organization for Animal Charities; Wildlife Conservation Organizations, Pet and Animal Organizations, Hunting and Fishing Conservation Organizations, Zoo and Aquariums. While some are environmental charities these focus on to promote and preservation, appreciation and sustainable development for environment. Most of the organizations are International NGOs. These organizations usually arrange different types of philanthropy as mentioned before.

### 4.1 Types of Social Protection

Social protection is of different types; cash, kind and guarantee, at various stages of life and different social occasions. For example in Khyber Pakhtunkhwa following types of social protection is given to workers:

- a. Medical Care,
- b. Cash benefits on bed 75% of his pay,
- c. Injury benefit 100% pay,
- d. Disability gratuity up to 20%,
- e. 21 to 66% Disability Pension,
- f. Survival Pension to dependents for one year post death,
- g. Health care plus Death Grant(one month salary),
- h. For female worker “Idat” benefits; salary 100% for 120 days.
  - Medical Facilities
  - Cash Benefits
  - Educational Facilities
  - Scholarships to Workers Children
  - Marriage Grant
  - Compensation for Injury During Work
  - Death Grant

## **4.2 Gaps in Social Protection Services**

Although the individuals are being provided social protection in the province in different forms and on certain occasions shah (2013) identifies three types of gaps in social protection, which need to be addressed for making them more productive. Not all the needs of the working community have been sufficiently addressed. Total labour force of the province has not been covered and not all basic needs of the covered labour force have been satisfied. Shah (2013) identifies following three gaps in the Social Protection provided to the person and total existing potential of the Province and country:

### **I. Vertical Gap**

Currently in Khyber Pakhtunkhwa Employees Social Security Institution (ESSI) is extending Social Services to around 60,000 workers and around 340,000 dependents of the workers, (Shah 2013). Total work force in the Province is more than 7.3 million which includes both formal and informal workers. The formal labour reported by the industrialist, industries and corporate units registered are less than actually employed labourer and actual production units working in the Province. The Government will minimize this gap by registering all the production and corporate units coupled with registration of all the employed workers.

### **II. Horizontal Gap**

Shah (2013) states that in Pakistan laborers are employed in Agriculture Sector, Mining Sector, Small and large Scale Trading, Vendor Industry, Low and high level services Sector. Currently the Government is covering formal sector of Industry and Corporate Sectors. He finds that gap exists for the coverage of all remaining above mentioned Sectors. The Government would plan to cover labourer employed in Agriculture Sector, Mining Sector, Informal Sector, Services Sector, Vendors etc through following measures:

**i) Offering New Products/ Packages.**

The Government would extend to all Sectors by offering new package. The laborers and employers may opt for their compatible package in various sectors on different time periods and in various parts of the Province.

**ii) Voluntary schemes**

The voluntary scheme may be introduced for the individuals self-employed person and those who want, may contribute towards any other person may be brought in the ambit for social protection.

**iii) Mining Sector**

Mining Sector may be covered through formal means, interaction with group of labour, representative of labourer and individual, Mining workers, employers, traders etc. throughout the Province.

iv) **Agriculture Sector**

Agriculture Sector may be given Social Protection through involvement of farmers, farm labour, land owners, small land owners, self-farming owners, agriculture traders and representative of Agriculturist Associations/Bodies.

v) **Service Industries**

Service Industries may be given Social Protection through involvement of formal and informal units, companies, individuals, traders and vendors.

### **4.3 Degree of Social Protection Gap**

Regarding degree of social protection Shah (2013) states that the Government is providing Social Protection to formal laborer in the form of package to cover the risks of disease and temporary unemployment during disease period, small support to meet social needs etc. The dependents of laborer are also provided medical care and housing facilities. He states that the protection covers specific part of their life, short term and only when they are on work. He points out that gap exists between actual requirement of social protection during different phases of life cycles including childhood, boyhood, adulthood, pre and post retirement and after death to the families. He is of the view that gap also exists with respect to quantum of Social Protection linked earning profile of the persons. Shah (2013) opines that gap also exists with respect to coverage of unemployed labourer due to seasonal, cyclical, structural un-employment in the economy, therefore the Government is planning to fill all these gaps and give Social Protection to the labourer of all types and their dependents irrespective of the sector they are belonging to. Shah (2013) proposes that social protection may be increased through following steps:-

- i) Public – Public partnership amongst various governments and departments may be developed. Government low-grade employees may also be given social protection. Social welfare, Health Department, Zakat Ushr, Federal & provincial Governments for income generation, health care, social support, cash support etc. may develop partnership.
- ii) Public – Philanthropic Organizations partnership may be developed for marginalized people, microfinance for income generation, medial support.
- iii) Public – Donors Partnership may be developed for regulatory framework, International best practices, training, exchange information, conventions, laws structures etc. to enhance social protection amongst workers.
- iv) Government Fiscal Policies may be made with more tilt towards social protection, welfare, Education, Health of laborers, dependents of all the workers.

#### **4.4 Social Protection Providing Agencies**

Social protection providing mechanism and agencies vary with respect policies of the government, existing institutional structure, belief system of individuals, social capital level of the society etc. Shah (2013) informs that the federal Government in general and provincial Government specifically are providing social protection to their residents, citizens etc. through various Departments; Social Welfare & Women Development, Health, Zakat & Ushr, Law & Human Rights, Industries, technical Education, Police, Education and Labour Departments.

For example, the Labor Department in Khyber Pakhtunkhwa is contributing to give Social Protection to laborer mainly formal sector laborer from Industries and Corporate Sector are given Social Protection of different types through its attached Departments.

- a) Directorate of Labor
- b) Employees Social Security Institution(ESSI)
- c) Workers Welfare Board
- d) Workers Children Education Board(WWB)

For instance Total Labor Force of the KP Province is 7.31 million, Rural 6.11 and Urban 1.2 million comprising of formal, informal, public and private sectors. Total number of workers secured during the year 2012-13 is around 60000. (Government of KPK).

Normally, Directorate of Labor registers the laborers and then the registered laborers are secured through Employees Social Security and Workers Welfare Board in health, education, and social occasions.

The government may be covering gaps by utilizing resources available to with private sector, corporate sector, and International donors through adoption of different models of governance, Shah (2013). He further proposes that Public – public partnership, public - community partnership, public-philanthropic organizations and tripartite partnership may be used to increase Social Protection. The resources may be made available through additional generation, extraction of funds from philanthropic organization, establishment of revolving fund etc.

Philanthropic organizations having high level of social capital with individuals, group, country, organizations, and state may attract more donations, financial assistance. These philanthropic organizations may increase their social protection services with less cost relative to the service providers with low level of social capital. The social protection provided by the high level social, philanthropic organizations would be sustainable due to reciprocal commitments of donor and recipients. The social capital holding organization have to incur less cost on better target group selection and reduces risk of moral hazards. The loan extended by the philanthropic organizations have high rate of return and better utilization as per already made commitments relative to the loan amount extended by the government which is utilized for the purposes other than the specified and committed by the loanee, Shah (1989).

## 5. Conclusion

Gaps of all the three types may be filled through developing partnership amongst philanthropic organization and the government for increased availability of finance, reduced cost, reduced occurrence of moral hazard, thereby, more sustainably may be achieved through reciprocal commitments of the individuals and the philanthropic organization having more social capital. With less cost and increased available finances; more social protection may be given to the individuals.

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